BUDGET SPEECH

1965-66

Sri M. Bhaktavatsalam

Chief Minister

1st March 1965

सत्यमेव जयते

GOVERNMENT OF MADRAS

FINANCE DEPARTMENT

Speech of Sri M. Bhaktavatsalam, Chief Minister, presenting the Budget for 1965–66 *to the Madras Legislature on* 1*st March* 1965.

Sir,

Introduction.

I rise to present the Budget Estimates for 1965–66. The Accounts for 1963–64 and the Revised Estimates for the current year are also before the House. Special significance is attached to the Budget for the next year as it marks the fulfilment of the Third Plan. The Budget has, in recent years, become an instrument for the realisation of the targets and objectives of the Plan and while considering the Budget for the last year of the Plan, the House would naturally like to make an assessment of the progress of the State in different sectors in the Third Plan period. It is on the basis of the achievements of the Third Plan that we can determine the size and strategy of the Fourth Plan.

Third Five-Year Plan—A general assessment.

2. The Third Plan of the State had originally visualised an outlay of Rs 291 crores. The implementation of the Plan has been according to schedule

and in certain vital sectors even well ahead of it. As the House is aware, within the framework of the Five-Year Plan the outlay for every year is determined in consultation with the Planning Commission. It should be a matter for gratification that our performance in every year of the Plan has exceeded the outlay initially agreed upon. For 1961–62, the first year of the Plan, the agreed outlay was Rs 48·5 crores, while the actual performance was Rs 50 crores. For 1962–63, the Planning Commission fixed the outlay originally at Rs 55 crores; but we were able to fulfil a Plan of Rs 58·7 crores. In 1963–64, as against a provision of Rs 60 crores fixed by the Planning Commission, the expenditure was eventually of the order of Rs 71 crores. For the current year, the Planning Commission had fixed the outlay initially at Rs 68·15 crores. But we had in the light of the tempo of execution of schemes, achieved in earlier years, fixed the Plan at Rs 70·53 crores. The Revised Estimates now before the House reveal that the actual expenditure on Plan schemes will be nearly Rs 78 crores. We have in the Budget Estimate for 1965–66, now coming up for consideration by the House, provided for an outlay of Rs 78·55 crores on Plan schemes. But if our past experience be any guide, we may have to step up this provision in the course of the year to the extent that additional resources become available. The outlay on the Third Plan will therefore be nearly Rs 340 crores against only Rs 291 crores originally agreed upon. Madras is among the few States where there will be no default in the fulfilment of the Plan.

3. This satisfactory performance has been rendered possible because we have in the last decade built up a sound techno-administrative machinery fully geared

to the tasks of development. Our success is also in no small measure due to our determined efforts to raise the necessary resources for the Plan. When the size of the State's Plan was fixed at Rs 291 crores, the Centre had agreed to extend assistance to the extent of Rs 190 crores, the balance of Rs 101 crores being contributed by the State. On the current forecast of our resources for the Plan period as a whole, it is seen that our contribution to the Plan would be of the order of Rs 147 crores. Madras is again among the few States of India which have fulfilled what was expected of them in regard to mobilisation of resources. Apart from the additional tax effort which we have made, a significant part of this improvement is also due to our policy of utmost restraint in regard to non-developmental expenditure. The Planning Commission, which recently made an assessment of the progress of Third Plan in the State, has recorded its high appreciation of our efforts and the progress we have been able to register in all key sectors of growth like Agriculture, Power, Industries and Transport. I would like to emphasise that the increase in Plan outlay is only in part due to escalation in costs. A significant part of the increase is directly attributable to the taking up of new schemes like the Second Stage of the Mettur Tunnel Hydro-Electric Scheme, Kodayar Hydro-Electric Scheme and enlargement of the scope of Medium and Minor Irrigation Projects. While a detailed assessment of our achievements in physical terms should await the completion of the Plan period, it is even now clear that the targets in important fields like Power, Irrigation, General and Technical Education, Small-Scale Industries, etc., will all be realised and to an extent exceeded.

Agricultural Production.

4. The rate of growth in agricultural production is one of the major determinants of the progress of our economy and some concern has been expressed about the poor progress on the farm front in the current Plan period. In assessing the progress in this sector, it should be recognized that while as part of the Plan, Government can provide necessary facilities for increased production, in the form of irrigation, improved seeds and fertilisers, the actual results will depend upon the response of the farmers. Government's role, though vital, is indirect and can bear fruit only to the extent it helps and induces the farmers to take the right decisions on such matters as adoption of improved cultural practices. Seasonal factor also plays an important part in determining agricultural production. In spite of these limitations, our efforts in the last four years of the Plan have resulted in the creation of considerable additional production potential. The advance estimates of production for the current year as compiled by the Director of Statistics, point to an actual production of the order of 60 lakhs of tonnes of foodgrains, as against 53 lakhs of tonnes at the commencement of the Third Plan. In our programme for stepping up agricultural production we have placed reliance principally on increased application of chemical fertilisers and use of improved seeds. It is a matter for gratification that the consumption of nitrogenous fertilisers has registered an impressive increase from 1·13 lakhs of tonnes at the end of the Second Plan to 2·75 lakhs of tonnes at the end of 1963–64. In the current year, it is estimated to increase up to 3·25 lakhs of tonnes. We are constantly reviewing and streamlining the arrangements for distribution of fertilisers in order to ensure that the farmers get the fertilisers in time. Arrangements have been made to increase the number of retail

distribution points to 4,000 and also associate private dealers with sale of fertilisers as an experimental measure in the districts. Of some long-term significance is the start we have made with the sale of fertilisers to ryots through a mobile van in Thanjavur district. In view of the difficulties of foreign exchange, the Government of India have been unable to comply in full with our requests for increased allocation of nitrogenous fertilisers. It will therefore be prudent for the present to assume that only about 4 lakhs of tonnes of fertilisers will be made available to the State in the next year, as against the Plan target of 5·8 lakhs of tonnes. Keeping these limitations in view and on current trends in agricultural production, we have to draw up our Plan for agricultural production in the Fourth Plan period on the basis that the production of foodgrains at the end of the Third Plan will be about 65 lakhs of tonnes. Though falling short of the Third Plan target of 69–70 lakhs of tonnes, this will still represent a substantial increase over the base level production and compare favourably with the increase of the order of 9 lakhs of tonnes achieved during the Second Plan period. Any little increase over this level due to favourable seasonal conditions or larger availability of fertilisers will of course provide a higher base for growth in the Fourth Plan.

5. In this context our efforts should be directed towards popularisation of improved strains which can effectively absorb increased dosage of chemical fertilisers. A new strain of short-term paddy, called A.D.T. 27, has been evolved which is capable of responding to higher application of fertilisers and giving highly increased yields without lodging. Large-scale demonstrations conducted during the last season have shown that yields up to 4,000 lb. and more

per acre can be obtained with this strain against an average production of about 2,000 lb. only given by A.D.T. 20 in the same area. The Government have recently sanctioned a scheme at a net cost of Rs 4 lakhs for multiplying and distributing A.D.T. 27 in the Cauvery Delta, so as to cover about 2 lakhs of acres by the end of 1966–67. This scheme alone, when fully implemented, will assure additional food production of the order of one lakh of tonnes.

6. Past experience has also underlined the need for concentration of efforts in selected areas offering special facilities for achieving increased production within a short period. This is the approach underlying the Package Programme. Consistent with this approach, it is proposed to implement an Intensive Cultivation Area Programme in selected tracts in Chingleput, Coimbatore, Madurai and Tirunelveli districts. The agricultural extension staff in these areas will be substantially strengthened and increased production targets aimed at on the basis of farm production plans and supply of necessary facilities including credit in relation to such farm production plans. Provision has been made in the Budget Estimate for Rs 16 lakhs for this scheme.

Minor Irrigation Programmes.

7. In the context of increasing agricultural production within a short period, emphasis has to be laid on quick maturing schemes. It is in this view that we have stepped up substantially the Minor Irrigation Programmes. We have in particular launched a drive for the sinking of a larger number of wells and have raised the limit for sanction of loan from Rs 2,000 to Rs 5,000 per well under the New Well Subsidy Scheme. About 4,000 wells are expected to be completed in the current year as against only

about 3,000 in the last year. Besides, as part of the Crash Programme, about 1,600 wells are proposed to be sunk in Orathanad and Pattukottai areas in Thanjavur district. In the light of the encouraging response to the scheme in the current year, we have set a target of 8,000 wells for the next year. The Government have also sanctioned a special scheme at a cost of Rs 37 lakhs for sinking 2,000 filter point tube wells in Thanjavur district, with a view to enable the ryots to raise an additional crop during the summer. When this scheme becomes widely popular, supplemental irrigation with well water will become the normal agricultural practice in the delta area. The scheme will also assist in a substantial increase in average yield of the kuruvai crop by facilitating the early raising of seedlings.

Major and Medium Irrigation Projects.

8. Our Major and Medium Irrigation Projects are also making satisfactory progress. The peak outlay on Parambikulam-Aliyar Project will be reached in the current year as will be evident from a provision of Rs 6·1 crores in the Revised Estimates. The Aliyar Reservoir, one of the important dams in the chain of dams visualised under this project, has already been completed and water made available for irrigation of 17,500 acres. In 1965–66, the Parambikulam, Tunacadavu and Tirumurthi Dams will also be completed along with connected works like the Sarkarpathi Tunnel and the Contour canal. With the provision of Rs 556 lakhs for this project in 1965–66, an additional irrigation potential for about 60,000 acres will be created. We are moving the Government of India for an additional allocation of Rs 1·5 crores in 1965–66 to enable us to speed up the works on the project further and facilitate provision of irrigation for 45,000 acres in advance of

the schedule otherwise possible. A provision of Rs 258 lakhs has been made in the Budget Estimates for other medium irrigation projects with a view to ensure completion of (i) the scheme relating to remodelling of Palar Anicut and Channels, (ii) Sathanur Project II Stage, (iii) Gomukhi Nadhi and (iv) Manjalar Schemes. With an allocation of Rs 186 lakhs, the work on Chittar Pattanamkal Scheme will also be appreciably speeded up.

Animal Husbandry.

9. In our present drive for improvement of agricultural production, we should also bear in mind the need for stepping up production of subsidiary foods such as milk, eggs and fish. The pace of execution of programmes for development of Animal Husbandry has been appreciably stepped up in the current year as is evident from the provision of Rs 86 lakhs for Plan schemes in the Revised Estimates as compared with only Rs 61 lakhs in 1963–64. The provision for next year has also been fixed at Rs 86 lakhs and could be further raised with reference to the progress of the schemes. Provision has been made among other things, for the opening of ten key village blocks and 24 Veterinary Dispensaries in the Annual Plan for 1965–66. We have besides launched a number of special schemes of development as part of the Crash Programme sponsored by the Government of India. Schemes entailing an outlay of Rs 203 lakhs have been sanctioned for implementation in the current year and next. Among these, the scheme for the establishment of three Intensive Cattle Development Blocks in the milk shed areas of Madras, Madurai and Coimbatore at a total cost of Rs 134 lakhs deserves special mention. The main objective of the programme is to improve the dairy cattle in these tracts through

integrated action for the upgrading of the existing breeds through crossing with imported Jersey and other high yielding breeds like the Red and White Sindhis and Murrah buffaloes, development of feed and fodder resources and provision of veterinary aid on a large scale.

10. Among dairying schemes, the principal achievement in the current Plan period has been the completion of the Madhavaram Milk Project. We have now taken up, with assistance from UNICEF, a project for the improvement of supply of milk for Madurai City, which among other things, provides for the installation of a pasteurisation plant with a capacity of 50,000 litres of milk per day. A provision of Rs 40 lakhs has been made in the Budget Estimates for 1965–66 for this project which is expected to be commissioned in 1966–67.

11. Our State, with its long coast line, offers immense possibilities for development of fisheries. In the current drive for production of subsidiary foods, the tempo of execution of schemes in this sector has been accelerated, as is evident from the provision of Rs 65 lakhs in the Revised Estimates as compared with only Rs 27 lakhs in 1962–63 and Rs 52 lakhs in 1963–64. The balance of provision available in the Plan for this head of development will be fully utilized in the next year and will be supplemented by the allocations made by Government of India under the Crash Programme. The schemes taken up under the Crash Programme with their emphasis on supply of mechanised boats and improved nets will result in an additional production of 78,000 tonnes of fish valued at Rs 2·75 crores. With the completion of the boat building yard at Royapuram Fisheries.

in the current year, there will be a substantial step-up in the capacity for fabrication of improved boats. The target of 400 mechanised boats set for the Third Plan will be realised and it is visualised that production of fish will be raised from 1·34 lakhs tonnes to about 2·9 lakhs tonnes during the Third Plan period.

12. The Indo-Norwegian Project for development of fisheries started at Mandapam, with the technical collaboration and financial assistance of the Government of Norway, is making satisfactory progress. The project envisages the establishment of a boat building yard and an ice-*cum*-cold storage plant with a freezing unit with complementary arrangements for transport and marketing of fish. A centre for training of fishermen is also to be set up and exploration of fishing grounds undertaken. A provision of Rs 34 lakhs has been made for the project in the Budget Estimates for 1965–66.

Industrial Development.

13. The State has also made appreciable progress in industrial development in the current Plan period. An appraisal of the industrial progress of the State cannot of course be made with reference only to the provisions made in the State's Plans, for the outlay in the State's Plan is largely on provision of overheads like industrial estates and developed plots and on the setting up of a few industrial units. A comprehensive view of the industrial development of the State will be possible only if note is taken also of the progress of industrial projects in the Central and private sectors. The textile industry was the only fairly well-developed industry worth mentioning at the beginning of the First Plan period. We have during the last two Plan periods built up a broad-based industrial complex and

have also achieved a fair measure of dispersal of industries in different parts of the State. In spite of the deficiency of the State in basic raw materials, our State has made appreciable strides in industrialisation in recent years by fully exploiting other favourable factors, such as availability of trained manpower, cheap electric power and a resourceful entrepreneurial class.

14. The various industrial units in the Central sector have maintained satisfactory progress in the current year. In the Neyveli Lignite Project, which is the biggest of the industrial undertakings in the Central sector, the first stage of utilisation of lignite for generation of power, has been completed with the commissioning of an installed capacity of 250 MW. The project has now entered on the second phase of its development from 250 MW to 400 MW and the sixth unit with 50 MW of installed capacity is expected to go into operation shortly and thus provide relief to our grid in the next season. The scheme for raising the capacity of the thermal station to 600 MW has also been sanctioned and the preliminary work relating to the scheme of expansion has been taken on hand. The project was originally intended for mining only 3·5 million tonnes of lignite. It is now proposed to raise the capacity of the first mine to 5·5 million tonnes in the first stage and to 6·5 million tonnes in the second stage. The work relating to the briquetting and carbonising plant and the urea plant is also in progress. The Ammonia plant is expected to be commissioned in June 1965. Central Sector Projects.

15. The Heavy Vehicles Factory at Avadi involving a capital outlay of Rs 16 crores has also made substantial progress and the first tank is expected to roll

out of the factory in the next few months. A factory for Small Arms is also being set up at Tiruchirappalli at an anticipated cost of nearly Rs 8 crores.

16. The Hindusthan Teleprinters Limited, who are producing about 800 teleprinters a year, have moved into a factory of their own and are expected to achieve their full licensed capacity of 1,300 units shortly. The work relating to the expansion of the productive capacity of this unit to 8,000 teleprinters a year has also been taken on hand. The Surgical Instruments Factory with an initial capital outlay of Rs 5·25 crores is also expected to go into production in the middle of 1965. The High Pressure Boiler Plant near Tiruchirappalli, which, with a capital outlay of Rs 25 crores, is one of the biggest public sector undertakings in the State is progressing fast and will go into production by March 1966. The construction of the Hindusthan Photo Films Factory is proceeding according to schedule.

17. The Government of India have decided to locate a Petroleum Refinery in the Madras State with a capacity of 2·5 million tonnes of crude and also a fertiliser factory with a capacity of 200,000 tonnes of nitrogen per year. Lands for these projects are under acquisition and the State Government are now doing preliminary investigations for the provision of various facilities like water, railway siding, roads, etc. The Central Government are also investigating suitable sites in this State for the location of a Tele-communication Cable Factory, a Pumps and Compressor Project and a Heavy Plates and Vessels Shop.

18. The detailed project report prepared by Messrs. Dastur and Company, Consultants, appointed by the Government of India has established the techno-economic feasibility of the Neyveli-Salem Steel Plant beyond doubt. The project report envisages a plant with an initial capacity of 0·5 million tonnes of steel with scope for expansion to 1·2 and 3 million tonnes respectively in subsequent stages. The capital investment required for the first stage of development is estimated at Rs 95 to 100 crores. The project will have one of the lowest raw material assembly costs among the steel plants in the country and will be specially suited for the production of special steels and alloy steels, as the iron-ore proposed to be used is free from sulphur and phosphorous. We are confident that this project will be taken up for implementation in the Fourth Plan.

State Sector Projects.

19. In the State sector, the work relating to the establishment of nine co-operative spinning mills is making excellent progress. The Co-operative Spinning Mill at Salem has already been commissioned in June 1964 and the other mills are expected to go into production in 1965. Similarly, the work relating to the establishment of co-operative sugar mills is making satisfactory progress. The Co-operative Sugar Mill near Mohanur in Salem district has gone into production with a capacity of 1,000 tonnes of cane per day. The other two Co-operative Sugar Mills at Kallakurichi and Madurai respectively are also expected to be completed in time for the next crushing season.

20. The State Government have decided on the establishment of the Madras Industrial Development Corporation as a company wholly owned by Government for the purpose of setting up large-scale industrial

undertakings in the public sector. Provision has been made in the Budget Estimates of 1965–66 for an initial contribution of Rs 75 lakhs towards the share capital of this Corporation. The Corporation will, in the first instance, take up the establishment of a Continuous Casting Mill at Arkonam and a cement plant near Rajapalayam. The work relating to these two projects involving a capital outlay of nearly Rs 8·5 to Rs 9 crores will be taken on hand shortly.

Private Sector Projects.

21. The major industrial programmes in the private sector too have made satisfactory progress in the current year. A few of the automobile ancillary production units, a welding electrode unit, a large-scale sugar mill, a cement mill, an oxygen plant, a few roller flour mills and a number of other engineering industries have gone into production. The most significant achievement in the current year will be the commissioning of the Aluminium Smelter near Mettur with a capacity of 10,000 tonnes per annum. This is perhaps the largest venture in the private sector in the State and the House will recall that the State Government, besides assisting this enterprise with supply of power at concessional rate has also participated in its capital structure to the extent of Rs 1·5 crores through the Madras Industrial Investment Corporation. Another important development in the private sector in the current year is the setting up of the South India Shipping Corporation with collaboration from West Germany and the United Kingdom for the purpose of acquiring and operating five bulk cargo carriers. The Madras Industrial Investment Corporation has played a useful role in stimulating industrial development in the private sector. In 1964, it has sanctioned cash loans to the extent of Rs 2·32 crores, joint loans to the tune of

Rs 42·9 lakhs apart from guaranteeing loans for Rs 1·48 crores. It has also encouraged flotation of new ventures by underwriting shares to the extent of Rs 2·9 crores and direct subscription of the order of Rs 1·13 crores.

22. The fair measure of success we have achieved in expansion and diversification of industries in the State in the last ten years has to no small extent been due to the energetic implementation of power programmes. The House will recall that out of the total Third Plan outlay of Rs 291 crores, a little over Rs 100 crores had been earmarked for development of power. We have since then taken up new schemes and also intensified rural electrification programmes. The outlay on power programmes in the current Plan period is therefore expected to be about Rs 120 crores. As against the Third Plan target of 1040 MW of power, the Madras State Electricity Board will have an installed capacity of 1150 MW. With the 400 MW of power to be commissioned at Neyveli, the installed capacity in the State will be 1550 MW as against only 571 MW at the commencement of the Third Plan. This progress is by any standards phenomenal and will rank as the principal achievement of the Third Plan period. Power.

23. The pace of execution of power programmes has been well maintained in the current year. A plant with a capacity of 20 MW has already been commissioned in Kundah Power House V. Another unit of 60 MW will go on stream in Kundah Power House III before the end of March. The recent commissioning of 150,000 lb. hour boiler at Basin Bridge has rendered possible an additional production of 10 MW of power. The Madras grid has thus been strengthened with an installed capacity of 90 MW of power in the current

year. This apart from the completion of the first stage of development of power at Neyveli to the extent of 250 MW should provide considerable relief to our grid in the coming year. The next year will witness the completion of the Mettur Tunnel Scheme with a capacity of 200 MW, the Second Unit of Kundah Power House III (60 MW) and Kundah Power House IV (50 MW) and an additional unit in Periyar with a capacity of 35 MW. The Parambikulam-Aliyar Hydro-Electric Scheme will also be completed in part and 100 MW of installed capacity will be commissioned. A provision of Rs 4 crores has been made for rural electrification programmes in the Annual Plan for 1965–66 and we expect the Government of India to allocate in addition a minimum of Rs 1 crore outside the Plan as part of their Crash Programme for stepping up agriculture production. By the end of the Third Plan we would have extended power to 20,500 towns, villages and hamlets as against 10,760 at the commencement of the Third Plan. Over 2·3 lakhs of pumpsets will be connected to power by the end of the current Plan period and the additional irrigation potential thus created is substantial. In spite of the increase in installed capacity, the demand for power is found to be constantly in excess of the available supply and Government have therefore been constantly exploring possibilities for new power schemes in the States. As part of our advance action on the Fourth Plan, we have initiated work on the Kodayar Hydro-Electric Scheme with a capacity of 100 MW and the expansion of Basin Bridge Thermal Station by an additional 30 MW. Keeping in view the need to maintain a proper balance between hydel and thermal power, we have already obtained clearance of the Planning Commission for setting up a thermal station with a capacity of 300 MW at Ennore.

24. The pace of expansion of technical education has a direct bearing on economic development. The programmes for this sector have been worked out with reference to long-term projections of our requirements of economy for trained technical manpower. By the end of the Third Plan, the admission capacity in the Engineering Colleges in the State would have been stepped up to 2,140 and that in Polytechnics to 4,200. We would thus overfulfil the target originally set in the Third Plan. The House should be glad to note that arrangements are being made to start the proposed Government Engineering College at Salem with effect from the next academic year. It is also considered necessary to initiate advance action in respect of the new polytechnic proposed to be established in the Fourth Plan period. The Budget Estimates now before the House provide for the taking of preliminary action in respect of the new Government Polytechnics proposed to be opened at Thanjavur, Tenkasi, Mettur and Cuddalore, early in the Fourth Plan period. With the expansion of education at higher elementary level it is necessary to provide for diversion of boys of the age-group 14—17 to technical courses of study. The Junior Technical Schools are intended to meet this need. Ten Junior Technical Schools have already been started in this State and the Budget Estimates provide for the opening of ten more Junior Technical Schools to be located at Kancheepuram, Nagapattinam, Gudiyatham, Salem, Annamalainagar, Dindigul, Tuticorin, Karaikudi, Rajapalayam and Avadi. Provision has also been made for the establishment of an Institute of Textile Technology and an Institute of Commercial Practice at Madras. The bulk of the expenditure on the development of these institutions will arise in the Fourth Plan. Technical Education.

Education.

25. The importance of education as a factor in promoting economic growth has been recognized in our Plans. The targets under this head of development will be overfulfilled both in physical and financial terms. The expenditure on Education, Plan and non-Plan together, will, in the present budget, be of the order of Rs 37 crores, representing nearly 22 per cent of the total Revenue Budget. Ninety-two per cent of the children of the age-group 6—11 will be at school by the end of the Third Plan and on the basis of this achievement, we are now in a position to plan confidently for 100 per cent enrolment in the next quinquennium. It may not be out of place to mention here that the Fourth Plan visualises a target of enrolment of only 87·7 per cent for the country as a whole. It is clear that we are far ahead of most of the other States. The provision of free school meals has been an important contributory cause for the successful enlistment of pupils from poorer sections of the society. This scheme, which is now in force in over 30,000 elementary schools in the State, benefits 16 lakhs of children. The Budget for next year embodies a provision of Rs 186 lakhs for this scheme. The CARE Organization are continuing their generous assistance towards enriching the quality of the mid-day meals programme and the value of their contribution in the form of milk powder, cooking oil and corn meal in the last four years of implementation of the programme is well over Rs 6 crores. At higher elementary level too, the progress so far has exceeded our expectations and against a Third Plan target of enrolment of 2·1 lakhs of pupils 5·9 lakhs will be enrolled. The House will also be interested to know that the Government have recently established a State Institute of Education, with a view to ensure improvement in standards of instruction in schools.

The institute will impart in-service training to all inspecting officers concerned with elementary schools and the staff of institutions in charge of training elementary school teachers. The institute will also produce literature inclusive of teaching aids for use in elementary schools. In an era of rapid expansion, it has obviously been difficult to maintain adequate standards of accommodation in elementary schools. We have been trying to do our best to tackle this stupendous problem, within the resources available and as in previous years a provision of Rs 40 lakhs has been made for payment of grants to Panchayat Unions for construction of buildings for elementary schools with an element of public contribution.

26. With the expansion of elementary education we have also had to take steps for enlargement of the facilities for secondary education. The number of pupils seeking admission has increased appreciably with the implementation of Government's policy of free education up to the Secondary School-Leaving stage. The anticipated enrolment in secondary schools by the end of the Third Plan is 2·75 lakhs as against a Plan target of only 75,000. The expenditure on Secondary Education has risen substantially in the last two years. As against an expenditure of the order of Rs 6·7 crores in 1963–64 we have to allocate Rs 11·8 crores in the Budget for next year for Secondary Education. This unprecedented expansion has naturally brought in its wake problems relating to maintenance of standards of accommodation and equipments in the schools. Towards meeting this problem in some measure we have made a provision of Rs 30 lakhs for payment of grants for construction of buildings for high schools formerly under the control of District Boards.

27. Expansion at secondary level has in its turn necessitated augmentation of facilities for collegiate education. It is proposed to open seven Government Arts Colleges in the next academic year and consistent with our policy of promoting a wide diffusion of facilities for higher education, these colleges will be mostly located in educationally backward tracts. Provision has also been made in the Budget for the construction of buildings for the newly opened colleges in Cuddalore and Gudiyatham. A decision of far-reaching importance relates to the opening of evening colleges for men and women. It is proposed to make a start in the next academic year with three evening colleges—two for men in the Government Arts Colleges in Madras and Coimbatore respectively and one for women in the Queen Mary's College. These evening colleges will benefit a larger number of students and in particular, those in employment, who would otherwise be denied access to collegiate education.

Medical and Public Health.

28. The House is aware that towards the end of 1962–63 we had to reorient our Plan in the context of the national emergency and the new problems and responsibilities it brought in its wake. While laying greater emphasis on schemes of increased agricultural and industrial production, we had to adopt a more selective approach in regard to building programmes of the Medical Department. The Government have now decided to liberalise this policy and resume some of the programmes which had then been deferred. The developmental programmes of this department are being considerably accelerated with provision for a large number of new schemes entailing additional expenditure of the order of Rs 27 lakhs each on revenue and capital accounts

in 1965–66. With the successful implementation of the National Malaria Eradication Programme, we have now to devise satisfactory arrangements for continued vigilance in this sphere. As part of such arrangements and in pursuance of our programme for augmentation of facilities for medical relief in rural areas, we have sanctioned the opening of 120 Primary Health Centres in different blocks. The Third Plan objective of setting up one Primary Health Centre for every block will be realised.

29. It is necessary to ensure that the fruits of economic progress are not dissipated by too large an increase in population. High priority has rightly been accorded to Family Planning Programmes in the Third Plan. We have recently taken steps to intensify this programme. The services of canvassers have been enlisted in popularising the scheme with adequate safeguards for screening through special liaison officers of persons offering to undergo sterilization operation. We have sanctioned additional staff for the different medical institutions and have sought to secure the active participation of Panchayats and Panchayat Unions in the implementation of the programme. This programme is of vital importance from the point of view of raising the living standards of our people and I have no doubt that non-official leaders like the Honourable Members, and the Chairmen of Panchayat Union Councils will play their part in moulding public opinion on this subject.

Water-supply Schemes.

30. The different schemes relating to augmentation and improvement of water-supply in urban areas are now in an advanced stage of implementation and a provision of Rs 146 lakhs has been made for the schemes in the Plan for 1965–66. Sanction is being

accorded for a scheme for supply of 3 million gallons of water per day for the Tuticorin area keeping in view its long-term needs in the wake of the Tuticorin Harbour Project. Towards this project entailing an eventual expenditure of Rs 78 lakhs, a provision of Rs 10 lakhs has been made in the Budget for 1965–66.

Welfare of Backward Classes.

31. The Welfare of Backward Classes has always been of special concern to Government. We have made a provision of Rs 484 lakhs in 1965–66 for schemes for the Welfare of Scheduled Castes and Backward Classes. Schemes for payment of scholarships, residential and non-residential, are all being continued and suitably enhanced provision made in the present Budget. We have in particular stepped up the pace of acquisition of house-sites for Harijans and a provision of Rs 38 lakhs has been made for such acquisition in the coming year.

Actuals for 1963–64.

32. I now turn to an analysis of the basic figures which are of relevance in considering the present Budget proposals. The Revised Estimates for 1963–64 envisaged a revenue deficit of Rs 302 lakhs. The actuals now available disclose a substantial improvement and the year ended with a marginal revenue deficit of only Rs 23 lakhs. This improvement which should be most gratifying was due to an impressive increase of Rs 379 lakhs under revenue receipts, offset to some extent by an increase of the order of Rs 100 lakhs in revenue expenditure. The increase in revenue receipts is attributable to larger realisations under most of the State Taxes as well as grants-in-aid for Plan schemes from the Government of India. There was significant improvement in receipts, particularly under Motor Vehicles' Taxation, General Sales Tax and Stamps. Special mention

should also be made of an increase of a little over a crore of rupees under land revenue due to energetic steps taken for realising the amounts due to Government, including arrears.

33. There was an increase of Rs 164 lakhs under developmental expenditure spread over a large number of heads of development. Significant increases occurred are under heads like Medical (Rs 33 lakhs), Welfare of Scheduled Castes and Backward Classes (Rs 26 lakhs) and Maintenance of Irrigation Sources (Rs 35 lakhs). The House will be glad to note that actuals reveal a decline of Rs 63 lakhs under non-developmental expenditure in relation to the Revised Estimates.

34. The actuals of capital expenditure at Rs 23·64 crores were higher than the Revised Estimates. There was a substantial increase in Capital Outlay on Industrial Development, Irrigation and Transport, offset to some extent by reduction under "State Trading" and "Other Works". Irrigation alone accounts for an increase of a little over Rs 1 crore reflecting in some measure the accelerated tempo of execution of Parambikulam-Aliyar, Sathanur (Stage II) and Gomukhi Nadhi Projects and also the Minor Irrigation Programmes.

35. Under Deposit heads too, in respect of which it is always difficult to forecast trends with any great degree of accuracy there was substantial improvement. On account of these improvements and other measures which we took for stepping up collections under State taxes and enforcing economy in non-Plan expenditure, there was perceptible improvement

in the ways and means position of the Government towards the end of last year and the year closed with a satisfactory cash balance of Rs 183 lakhs.

Revised Estimate for 1964-65.

36. In the last Budget Speech, I had estimated that the expenditure in the current year on revenue account would be Rs 140·82 crores and the receipts Rs 138·48 crores, resulting in a revenue deficit of Rs 2·34 crores. Though our revenues have been buoyant in the current year, it should be remembered that we have assumed large commitments on account of the grant of increased dearness allowance to Government servants and employees of local bodies and teachers. The two instalments of increase in dearness allowance which we sanctioned in May and October respectively in the current financial year entail an additional expenditure of Rs 245 lakhs in the current year and Rs 385 lakhs in a full year. The House will also recall that the Government had sanctioned a fairly large increase in the emoluments of village officers entailing an additional expenditure of the order of Rs 150 lakhs per annum. The incidence in the current year alone is estimated at Rs 75 lakhs. The Revised Estimates now before the House reflect the impact of these concessions in favour of public servants. The Revised Estimates framed on the basis of current trends of receipts and expenditure place the revenue receipts at Rs 147·01 crores and expenditure at Rs 151·77 crores, revealing a larger revenue deficit of Rs 4·76 crores. We will be realising Rs 125 lakhs more as our share of Income-tax in the current year, including an arrear of Rs 52 lakhs. On the basis of the grant assistance indicated for different schemes and the

current trends in expenditure on Plan schemes, we also expect to get grants in aid to the extent of Rs 12·05 crores from the Government of India as against the Budget Estimate of only Rs 10·89 crores. State taxes too have shown an upward trend and are expected to yield about Rs 2·43 crores more than originally estimated. Significant increases are under Agricultural Income-tax (Rs 14 lakhs), Land Revenue (Rs 28 lakhs) and Tax on Vehicles (Rs 50 lakhs). General and Central Sales Tax are also estimated to yield about Rs 3·42 crores more than last year and this reflects in some measure the energetic steps taken recently for checking evasion and collecting arrears.

37. Non-tax revenues also reveal an improvement of Rs 2·38 crores, over the Budget Estimate. The principal increases are under Agriculture (Rs 27 lakhs), Industries (Rs 86 lakhs), Road and Water Transport (Rs 75 lakhs) and Forests (Rs 10 lakhs). The receipts from Industries have been marked up with reference to trends in sale of finished goods by the various production units under the control of the Industries Department. The receipts under State Transport have registered an improvement due to the enhancement of fares given effect to in the current financial year and also increase in traffic earnings due to the commissioning of a larger number of vehicles.

38. Turning now to expenditure on revenue account, part of the increase as already explained is due to the grant of increased emoluments to public servants including village officers. Apart from this, major portion of the increase is on developmental services. Notable increases occur under education

including Technical Education (Rs 142 lakhs), Medical (Rs 65 lakhs), Public Health (Rs 36 lakhs), Agriculture (Rs 70 lakhs), Animal Husbandry (Rs 94 lakhs), Community Development (Rs 38 lakhs), Welfare of Scheduled Castes (Rs 24 lakhs), Maintenance of Irrigation Sources (Rs 53 lakhs). Under Agriculture and Animal Husbandry a number of schemes have been recently sanctioned as part of the Crash Programme sponsored by Government of India and estimates provide in full for the additional expenditure anticipated on this account.

39. The Revised Estimates for the current year place the capital outlay at Rs 38·27 crores and an increase of the order of Rs 14 crores over the Budget Estimate needs a word of explanation. The bulk of this increase occurs under State Trading and is related to the recent decision of the Government to purchase grains on Government account and build up a buffer stock.

40. The House will recall that in the last Supplementary Estimates provision had been made for a gross outlay of Rs 21 crores for purchase of foodgrains. After setting off anticipated receipts from sale of foodgrains, a net provision of Rs 8 crores has been assumed in the Revised Estimates. Special mention should also be made of the increase of Rs 114 lakhs for irrigation schemes, the increase for Chittar Pattanamkal alone being of the order of Rs 61 lakhs. An additional provision of Rs 22 lakhs has been made for Capital Outlay for Public Works and Rs 127 lakhs for procurement of buses and other capital works for the State Transport Service. The Revised Estimates also disclose an increased provision of Rs 305 lakhs under Loans and Advances and this includes a sum of Rs 160 lakhs

representing the expenditure we are incurring in the first instance from our funds on the construction of godowns to be eventually taken over by the Central Warehousing Corporation.

41. The increases now visualised in the Revised Estimates under Revenue, Loan and Debt heads have already been covered to a large extent by the three Supplementary Estimates which this House has been pleased to vote. The increase not so covered will be embodied in the Final Supplementary Estimates to be presented to the House in this Session.

42. In spite of the worsening on revenue account we expect the ways and means position to be comparatively easy in the current financial year. In view, however, of the large additional commitments, to which I shall refer presently, the position will become difficult in the next financial year, unless close watch is kept on collections from revenue and the utmost economy is enforced on all non-essential expenditure.

Budget Estimate for 1965-66.

43. The Budget for 1965–66, after providing for a reasonable element of growth under all elastic sources of revenue such as Motor Vehicles' Tax, Sales Tax and Electricity Duties, estimates the receipts at Rs 163·63 crores and the expenditure on revenue account Rs 170·60 crores, resulting in a deficit of Rs 697 lakhs. On current projections of revenue and on the basis of our existing commitments, the deficit should normally be well under Rs 2 crores. But the sanction by Government of India of substantial increase in the rates of Dearness Allowance for their employees on the basis of recommendations of the Das Commission has created a new situation which we have had to take note of. The increase in Dearness Allowance sanctioned

from time to time since 1961–62 have entailed a commitment of Rs 17·13 crores in the current Plan period as indicated below :—

	Per year.	During the Plan period.
	(RS IN LAKHS.)	
Increase of Rs 5 per mensem granted in June 1962 to employees drawing up to Rs 150 per mensem.	260	953
Increases up to Rs 10 per mensem granted in January 1963 to employees in the pay range Rs 150—400.	40	130
Increases ranging from Rs 2 to Rs 10 per mensem granted in May 1964 for employees up to Rs 400.	160	293
Increases ranging from Rs 3·50 per mensem to Rs 20 per mensem granted in October 1964 for employees up to Rs 600.	225	337
Total ..		17,13

Enhanced Dearness Allowance for Government servants.

44. We have, in spite of this serious strain on our finances, endeavoured to maintain parity in respect of Dearness Allowance with employees of the Central Government. Government have carefully reviewed the existing rates of Dearness Allowance for their employees in the light of the decisions of the Government of India on the recommendations of the Das Commission. The Government of India, while raising the rates of Dearness Allowance of their employees on the basis of the recommendations of the Das Commission, have left out of consideration the employees in the pay range Rs 600—1,200. We consider that

this class of employees, the bulk of whom had not benefited from the recommendations of the Pay Commission, also need relief. The Government have accordingly decided to sanction revised rates of Dearness Allowance at the following rates :—

Pay range.	*Revised rates of Dearness Allowance.*
	RS P.
Up to Rs 89	28·00
Rs 90 to Rs 149	42·00
Rs 150 to Rs 209	54·00
Rs 210 to Rs 399	66·00
Rs 400 to Rs 599	70·00
Rs 600 to Rs 799	80·00
Rs 800 to Rs 999	85·00
Rs 1,000 to Rs 1,200	90·00

These rates will take effect from 1st April 1965, i.e., pay for March due on 1st April. These increases will also apply to employees of local bodies and teachers in aided institutions and financial assistance will be extended to these agencies on existing basis towards this additional commitment devolving on them. This enhancement in rates of Dearness Allowance will entail an additional expenditure of the order of Rs 5·58 crores per annum. Making allowance for time lags in the settlement of claims for financial assistance due to local bodies, a lumpsum provision of Rs 5·00 crores has been sought under the head "71. Miscellaneous" to cover the additional cost of increased Dearness Allowance. The provision under this head will be eventually surrendered and additional provision sought in respect of Dearness Allowance under different grants in the course of next year.

Ways and Means.

45. The revenue deficit of Rs 697 lakhs, though large, is due entirely to the two instalments of increases in dearness allowance in the current year and the further increase proposed in the next. The Finance Commission which is now in session should take note of these additional commitments and propose suitable devolution of resources. We have therefore decided to leave the gap in revenue account uncovered and have not proposed any additional taxation. The ways and means position, too, will continue to be difficult in the next year. We will have to keep a close watch over our receipts and expenditure and intensify our efforts for mobilisation of resources through collection of arrears and checking of tax evasion. There is also scope for improvement in collections under Small Savings and the Honourable Members and other leaders of public opinion like Chairmen of Panchayat Unions and Panchayat Presidents have a great part to play in spreading the message of the Small Savings Movement, particularly in rural areas. It is only to the extent that we divert in this manner a part at least of the increased incomes generated by the implementation of the Plan for further investment in Plan projects that we can sustain the increased developmental effort visualised in the Fourth Plan.

Fourth Five-Year Plan.

46. The Fourth Plan will be a bigger Plan—bigger than all the preceding Plans together. We have prepared our draft Fourth Plan, keeping in view the targets and objectives of the national Plan, and with due regard to local problems and local needs. In settling the strategy and pattern of investment in the Fourth Plan, we have kept in view the fact that the density of population in Madras at 669 per square mile is far higher than that for the country as a whole.

The per capita availability of culturable land per head of agricultural population is also lower in our State. The possibility of stepping up production of foodgrains through a mere build-up of economic overheads, such as irrigation, is limited. We have, therefore, to lay emphasis on an expansion of output through utilisation of increased and improved material inputs like good seeds, fertilisers and green manures. We are thus entering a more challenging phase of agricultural development in our State.

47. On a careful consideration of these and other relevant factors, it has been estimated that it will be possible to step up production of foodgrains from 65 lakhs of tonnes to 80 lakhs of tonnes in the Fourth Plan period. Within the agricultural sector, there is also need for diversification of cropping pattern in favour of high value yielding crops such as sugarcane, long staple cotton, groundnut, fruits and vegetables.

48. By the end of the current Plan, Madras would have almost reached the limits of utilisation of its water resources. The southern region on the whole however is well endowed with water resources and it should be the objective of national policy to promote their utilisation in the best interests of the region. The State Government have provided in the Fourth Plan for the diversion of some of the west-flowing rivers and will seek to obtain the concurrence of the Planning Commission and the neighbouring States for these schemes. Apart from this, attention will have to be concentrated on improvement of the old irrigation systems so as to promote a more economic utilisation of water and facilitate further extension of irrigation with the water so conserved. Highest priority is being accorded in the Fourth Plan to the modernisation and improvement of channels in the Thanjavur

Delta. Investigation on similar lines for the improvement of the Periyar System has also been undertaken. Provision is also being made in the Fourth Plan for the following new medium irrigation schemes :—

(i) Provision of irrigation facilities to Avinashi area.
(ii) Parappalar Scheme.
(iii) Chinnar Reservoir Scheme.
(iv) Palar-Porandalar Scheme.
(v) Marudayar Scheme.

The rate of growth proposed for the agricultural sector in the Fourth Plan being slightly lower than visualised in the national Plan, it is proposed to aim at a faster rate of progress in other ancillary sectors, particularly under fisheries which offers great potentialities for development.

49. The Fourth Plan of the State also calls for a substantial increase in the contribution of the industrial sector to the State income. It has been estimated that an investment in industries of the order of Rs 600 crores, spread over the Central sector, State sector and the Private sector, will be required to achieve the desired rate of growth. The direct investment by the State Government in industrial development has so far not been substantial. The Government's policy has been one of stimulating private sector, in promoting industrial ventures with provision of necessary economic overheads. There are, however, certain gaps in the structure and pattern of industries as it has developed in the State in the last ten years. There is, in particular, need for development of certain basic industries producing raw materials and intermediaries which could be used by other industries. It is also increasingly realized that the State should directly engage itself in the production of certain

vital consumer goods needed for mass consumption. Keeping all these objectives in view it is visualised that the State Government should play a more active role in industrial development in the Fourth Plan. The private sector will still have an important role to play and the provision of industrial finance to them through agencies already in existence and through new agencies like the Agro-Industries Corporation and the Export Corporation is one of the important elements of industrial policy projected from the Fourth Plan. The State will also endeavour to secure a fair share of Central investment in industrial development. The Neyveli-Salem Steel Plant is one of the important projects proposed for execution in the Central sector in the Fourth Plan.

50. An allocation of Rs 217 crores has been proposed for power development. Apart from the Hogenekkal Hydro-Electric Scheme, which will need the concurrence of the Government of Mysore, the following new generation schemes have been proposed for inclusion in the Fourth Plan:—

Scheme.	*Installed capacity.*	*Estimated cost.* (RS IN CRORES.)
1. Thermal Station at Ennore	300 MW	28·0
2. Thermal Station at Tuticorin	100 MW	11·1
3. Upper Thambaraparni Hydro-Electric Scheme..	155 MW	17·8
4. Pandiyar-Punnapuzha ..	70 MW	9·2
5. Upper Manimuthar ..	95 MW	11·7
6. Paralayar Hydro-Electric Scheme	30 MW	3·8
7. Suruliyar Hydro-Electric Scheme	25 MW	3·2

Further expansion of the Thermal station at Neyveli and the establishment of a nuclear plant are among the other schemes to be taken up as Central projects in the Fourth Plan. The Rural Electrification Programme will be pushed through further and provision is being made for connecting 2·5 lakhs of pump-sets to power.

51. Under Technical Education, apart from providing for expansion of the existing institutions to the extent feasible, it is proposed to open three new Engineering Colleges and seven Polytechnics. The Fourth Plan as proposed by the Planning Commission marks a distinct departure from the earlier Plans in the emphasis it lays on expansion of Social Services. The provision for social services, such as Education, Medical and Public Health, Water-supply, Housing and Welfare of Backward Classes is being stepped up from Rs 76 crores in the Third Plan to about Rs 229 crores. Besides ensuring greater equality of opportunity to the different sections of population, the development of social services will also be of significance as a measure of re-distribution of income in favour of the poorer sections.

52. The State's Fourth Plan drawn up on these lines provides for an outlay of Rs 750 crores. A provision of Rs 50 crores has in addition been sought for Centrally-sponsored schemes to be implemented by the State. These will be supplemented by investments in the Central and private sectors. While the Plan as framed by us will be subject to further discussion with the Planning Commission, it is clear that the Fourth Plan will be a bolder Plan and will present a greater challenge to the administration and its organizing capacity.

53. The success of the Plan will, above all, depend on maintenance of an atmosphere of peace and unity of purpose in which the administrative machinery can concentrate on the tasks of development. Irrespective of differences in political ideology, we have in the last 10 to 15 years forged a common approach to the problems of development of our State and it is this consensus which has enabled the State, in spite of several natural handicaps, to register an encouraging advance on several fronts. The events in the last few weeks have disturbed the atmosphere of peace which we have all endeavoured to maintain. I can understand the apprehensions and feelings which have swayed the students in this State. But their agitation was soon taken advantage of by unsocial elements, resulting in loss of life and property. We are all profoundly distressed at the suffering which our people have passed through. The administrative organization headed by the District Collectors and our Police forces have displayed an exemplary sense of devotion to duty in a very difficult situation. The assurances of our late Prime Minister which have now been solemnly reaffirmed by national leaders and will now be formally placed on the Statute book should help to allay whatever genuine apprehensions which the students and the public may have had in regard to Hindi. They may rest assured that the State Government will keep a vigilant watch over their interests and ensure that they are not in any way placed in a position of disadvantage in regard to opportunities for employment and advancement in public service. We should all now work together to restore an atmosphere of calm in which we could rededicate ourselves to the development of Tamilnad which we all love and Conclusion.

cherish. I have no doubt that in this spirit the Honourable Members will keep in view the need to avoid further exacerbation of feelings in their discussions on budget estimates which I now commend for their acceptance.

MADRAS,
1st *March* 1965.

M. BHAKTAVATSALAM,
Chief Minister.